

**REPORT OF THE AUDIT OF THE
MARTIN COUNTY
SHERIFF**

**For The Year Ended
December 31, 2007**



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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE MARTIN COUNTY SHERIFF

**For The Year Ended
December 31, 2007**

The Auditor of Public Accounts has completed the Martin County Sheriff's audit for the year ended December 31, 2007. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$238,474 from the prior year, resulting in excess fees of \$244,894 as of December 31, 2007. Revenues increased by \$34,151 from the prior year and expenditures decreased by \$204,323.

Report Comments:

- 2007-01 The Sheriff Had \$641 In Disallowed Expenditures
- 2007-02 The Sheriff Did Not Submit Financial Reports To The Department For Local Government
- 2007-03 The Sheriff Was Underpaid His Statutory Maximum By \$2,416 For Calendar Year 2007 In Accordance With KRS 64.5275
- 2007-04 The Sheriff Did Not Eliminate The Deficit In His 2006 Official Bank Account
- 2007-05 The Sheriff Did Not Provide Adequate Oversight Of Fuel Credit Card Purchases
- 2007-06 The Sheriff Did Not Request Salary Reimbursement From The Unlawful Narcotics Investigation Treatment And Education (UNITE) Grant For Calendar Year 2007
- 2007-07 The Sheriff's Office Lacks Adequate Segregation Of Duties

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities.

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS	3
NOTES TO FINANCIAL STATEMENT.....	5
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11
COMMENTS AND RECOMMENDATIONS	15



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Kelly Callaham, Martin County Judge/Executive
The Honorable Garmon Preece, Martin County Sheriff
Members of the Martin County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of Martin County, Kentucky, for the year ended December 31, 2007. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2007, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 21, 2008 on our consideration of the Martin County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Kelly Callaham, Martin County Judge/Executive
The Honorable Garmon Preece, Martin County Sheriff
Members of the Martin County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2007-01 The Sheriff Had \$641 In Disallowed Expenditures
- 2007-02 The Sheriff Did Not Submit Financial Reports To The Department For Local Government
- 2007-03 The Sheriff Was Underpaid His Statutory Maximum By \$2,416 For Calendar Year 2007 In Accordance With KRS 64.5275
- 2007-04 The Sheriff Did Not Eliminate The Deficit In His 2006 Official Bank Account
- 2007-05 The Sheriff Did Not Provide Adequate Oversight Of Fuel Credit Card Purchases
- 2007-06 The Sheriff Did Not Request Salary Reimbursement From The Unlawful Narcotics Investigation Treatment And Education (UNITE) Grant For Calendar Year 2007
- 2007-07 The Sheriff's Office Lacks Adequate Segregation Of Duties

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Martin County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

July 21, 2008

MARTIN COUNTY
 GARMON PREECE, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2007

Revenues

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	\$	13,793
State Fees For Services:		
Finance and Administration Cabinet	\$	2,056
Cabinet For Health And Family Services	<u>2,977</u>	5,033
Circuit Court Clerk:		
Sheriff Security Service	4,871	
Fines and Fees Collected	<u>4,751</u>	9,622
Fiscal Court		92,001
County Clerk - Delinquent Taxes		2,310
Commission On Taxes Collected		199,077
Fees Collected For Services:		
Auto Inspections	5,200	
Accident and Police Reports	2,040	
Serving Papers	12,749	
Carrying Concealed Deadly Weapon Permits	750	
Sheriff 10% Add-On Fees	30,436	
Sheriff's Fees From Taxes Collected	<u>2,620</u>	53,795
Other:		
Miscellaneous		3,556
Interest Earned		<u>7,140</u>
Total Revenues		<u>386,327</u>

The accompanying notes are an integral part of this financial statement.

MARTIN COUNTY
 GARMON PREECE, SHERIFF
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2007
 (Continued)

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-		
Deputies' Salaries	\$	22,500
Contracted Services-		
Advertising		1,562
Tax Bill Processing		1,741
Materials and Supplies-		
Office Materials and Supplies		4,854
Uniforms		1,360
Auto Expense-		
Gasoline		19,131
Maintenance and Repairs		10,671
Other Charges-		
Conventions and Travel		1,633
Postage		810
K-9 Unit		707
Deputy Materials		2,449
Bond		1,852
Miscellaneous		837
Capital Outlay-		
Office Equipment		<u>3,266</u>
Total Expenditures	\$	73,373
Less: Disallowed Expenditures		
Expenditures With No Supporting Documentation		<u>641</u>
Total Allowable Expenditures		<u>72,732</u>
Net Revenues		313,595
Less: Sheriff Salary		<u>68,701</u>
Excess Fees Due County for 2007		244,894
Payments to Fiscal Court - Various Dates		<u>243,679</u>
Balance Due Fiscal Court at Completion of Audit	\$	<u><u>1,215</u></u>

The accompanying notes are an integral part of this financial statement.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2007

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2007 services
- Reimbursements for 2007 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2007

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due monthly to the County Treasurer.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2007
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Fee Pooling

The Martin County Sheriff was required by the Fiscal Court to participate in a fee pooling system beginning July 1, 2007. Fee officials who are required to participate in fee pooling deposit all funds collected into their official operating account. The funds are then paid to the County Treasurer on a monthly basis. Invoices are submitted to the County Treasurer to document operating expenses. The County Treasurer pays all operating expenses for the fee official.

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.19 percent for the first six months and 16.17 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Martin County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2007
(Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Martin County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2007, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Unlawful Narcotics Investigations Treatment and Education (UNITE) Grant

The Martin County Sheriff entered into an interlocal cooperation grant agreement with The Unlawful Narcotics Investigations Treatment and Education (UNITE) Grant program. This grant is to help law enforcement combat illegal drug use through a comprehensive campaign of investigation, treatment, and education. The Sheriff did not request any payroll reimbursement from the UNITE Grant for calendar year 2007.

Note 5. Drug Forfeiture Account

The Martin County Sheriff maintains a seized property account from the confiscation, surrender, or sale of real and personal property involved in drug related convictions. These funds are to be used for law enforcement activities. The account had a beginning balance of \$3,965 on January 1, 2007. Interest in the amount of \$53 was earned during 2007. Funds totaling \$650 were expended during the year. The unexpended balance was \$3,368 as of December 31, 2007.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Kelly Callaham, Martin County Judge/Executive
The Honorable Garmon Preece, Martin County Sheriff
Members of the Martin County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Martin County Sheriff for the year ended December 31, 2007, and have issued our report thereon dated July 21, 2008. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Martin County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting which is a basis of accounting other than generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the following deficiencies described in the accompanying comments and recommendations to be significant deficiencies in internal control over financial reporting: 2007-05, 2007-06, and 2007-07.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies listed above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Martin County Sheriff's financial statement for the year ended December 31, 2007, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items: 2007-01, 2007-02, 2007-03, and 2007-04.

The Martin County Sheriff's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the Sheriff's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Martin County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

July 21, 2008

COMMENTS AND RECOMMENDATIONS

MARTIN COUNTY
GARMON PREECE, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2007

STATE LAWS AND REGULATIONS

2007-01 The Sheriff Had \$641 In Disallowed Expenditures

The Sheriff had \$641 in disallowed expenditures paid from his 2007 fees. The Sheriff did not maintain adequate supporting documentation for these expenditures. In Funk vs. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal in nature. Without proper supporting documentation, we could not determine if these expenditures were reasonable or necessary. We recommend the Sheriff maintain adequate documentation, which includes detailed vendor invoices, to support all expenditures. In addition, we recommend the Sheriff deposit personal funds in the amount of \$641 to reimburse the official account for these disallowed expenditures.

Sheriff's Response:

All expenditures made on behalf of sheriff's office. Unable to locate invoices.

2007-02 The Sheriff Did Not Submit Financial Reports To The Department For Local Government

The Sheriff did not submit timely quarterly reports to the Department For Local Government (DLG). DLG requires fee officials to file quarterly financial reports listing receipts and disbursements for the quarter and in total for the year-to-date within 15 days of the end of a financial quarter. The lack of preparing timely financial reports could cause the official to make improper financial decisions, inadvertently overspend his budget, and possibly create a deficit in his fee account. We recommend the Sheriff ensure that all financial reports are complete, accurate, and submitted timely. This matter will be referred to DLG for review.

Sheriff's Response:

Bookkeeper will request written receipt for quarterly reports from DLG.

2007-03 The Sheriff Was Underpaid His Statutory Maximum By \$2,416 For Calendar Year 2007 In Accordance With KRS 64.5275

The Sheriff did not receive his statutory maximum for calendar year 2007. The Sheriff was underpaid \$2,416 based on the salary schedule for the Sheriff furnished by the Department For Local Government (DLG). According to KRS 64.5275, the Sheriff shall receive an annual salary pursuant to the salary schedule. Also, KRS 64.535 states that...the Sheriff... shall receive a monthly salary of one-twelfth (1/12) of the amount indicated by the salary schedule. We recommend that the Sheriff be paid \$2,416 for the amount he was underpaid in calendar year 2007.

Sheriff's Response:

We will submit a copy of this audit comment as documentation to request payment of this amount from payroll.

MARTIN COUNTY
GARMON PREECE, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2007
(Continued)

STATE LAWS AND REGULATIONS (Continued)

2007-04 The Sheriff Did Not Eliminate The Deficit In His 2006 Official Bank Account

The Sheriff had a deficit of \$3,126 as of December 31, 2006 due to disallowed expenditures paid from his 2006 official bank account. Disbursements of a Sheriff must be necessary, reasonable, and beneficial to the public, not predominantly personal in nature, and supported by adequate documentation. The expenditures disallowed for not being reasonable, necessary expenditures of the office include:

- \$1,047 in anti-drug education materials not purchased with DARE funds
- \$ 474 late fees, finance charges and penalties
- \$ 604 in children's badges
- \$ 295 tee shirts
- \$ 165 advertisements
- \$ 130 conference fees paid for spouses

Anti-drug education materials are allowable if the Sheriff had used Drug Awareness and Resistance Education (DARE) funds to purchase these items. According to the Sheriff, the tee shirts were donated to the high school to be resold at a school fundraiser.

In addition there were \$411 in expenditures with no supporting documentation and we could not determine if the payments made were reasonable and necessary expenditures of the office. We recommend the Sheriff only expend fee account monies for allowable purposes and have the proper supporting documentation for each payment. Also, the Sheriff should deposit personal funds of \$3,126 to reimburse the 2006 official bank account for these disallowed expenditures.

Sheriff's Response:

We're making arrangements to satisfy this comment.

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:

2007-05 The Sheriff Did Not Provide Adequate Oversight Of Fuel Credit Card Purchases

The Sheriff did not provide adequate oversight of \$19,131 of fuel credit card purchases and we could not determine if all of the fuel purchased was appropriately used. The Sheriff has ten fuel credit cards. The cards are either maintained in the sheriff's vehicle or with the employee. A personal identification number (PIN) and odometer reading are required each time the card is used. Each PIN number has a maximum monthly usage allowance and each deputy has been assigned a PIN number. When the monthly credit card statement is received, there is a breakdown by PIN number to show the date of purchase, gallons of fuel purchased, and odometer reading at the time of purchase.

MARTIN COUNTY
GARMON PREECE, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2007
(Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:
(Continued)

2007-05 The Sheriff Did Not Provide Adequate Oversight Of Fuel Credit Card Purchases
(Continued)

The Sheriff did not review the credit card statements prior to payment nor were vendor receipts maintained or reconciled to amounts on the monthly billing statement. According to the Sheriff, when a PIN number reached the maximum usage amount, deputies would share PIN numbers to continue making fuel purchases. In addition, 2 deputies used the same fictitious odometer reading such as "123456" every time the card was used. Additionally, the bookkeeper, who is the Sheriff's daughter, used a fuel card to purchase fuel for vehicles belonging to the Sheriff's office.

By not reviewing and maintaining proper oversight of these credit cards, the Sheriff did not ensure the accuracy of what was billed and the reasonableness of what was charged by each deputy. The cards and PIN numbers were not adequately protected to ensure they were appropriately used in only an official capacity.

We recommend the Sheriff immediately implement steps to adequately safeguard the cards and PIN numbers in use. The sharing of PIN numbers should be strictly prohibited. Each deputy should be held accountable to maintain the original vendor receipts and should ensure actual odometer readings are used at the time of purchase. In addition, each vendor receipt should be maintained and reconciled to the monthly billing statement prior to payment. Lastly, the Sheriff should ensure the fuel credit cards are used to purchase fuel for official vehicles only and anytime official travel is done in a personal vehicle a request for mileage reimbursement should be completed naming the specific date, time, and purpose of the travel.

Sheriff's Response:

For 2008, Sheriff has started to review fuel statements personally.

2007-06 The Sheriff Did Not Request Salary Reimbursements From Unlawful Narcotics Investigations Treatment and Education (UNITE) Grant For Calendar Year 2007

The Sheriff did not request reimbursement for payroll for the Unlawful Narcotics Investigations Treatment and Education (UNITE) officer in 2007. The Sheriff received a UNITE grant, which allowed the Sheriff to hire a deputy to investigate illegal drug use in Martin County, and the grant would then reimburse the Sheriff for the deputy's salary and insurance premiums. This deputy started July 1, 2006 and continued to work through June 16, 2007. The Sheriff did not request reimbursement for the deputy's payroll from the grantor for any time worked during 2007, which totaled \$21,924. By not receiving these reimbursements the Sheriff did not utilize the benefit of the grant, which would be to receive reimbursements for the deputy's salary.

MARTIN COUNTY
GARMON PREECE, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2007
(Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:
(Continued)

2007-06 The Sheriff Did Not Request Salary Reimbursements From Unlawful Narcotics
Investigations Treatment and Education (UNITE) Grant For Calendar Year 2007
(Continued)

The Sheriff should have submitted reimbursement for payroll on a bi-weekly basis or at minimum a monthly basis in order to reimburse the official bank account in the proper year. We recommend the Sheriff request reimbursement from the UNITE program for \$21,924.

Sheriff's Response:

We will complete request for reimbursement and submit to UNITE.

2007-07 Sheriff's Office Lacks Adequate Segregation Of Duties

The Sheriff's office has a lack of proper segregation of duties due to the fact that the bookkeeper posts all items to the receipts and disbursements ledger, prepares and signs all checks, prepares monthly bank reconciliations and the financial statements. Good internal controls dictate that the same employee should not handle, record, and process financial information. The Sheriff should either segregate these duties or strengthen internal controls by routinely reviewing daily checkout procedures for accuracy, performing bank reconciliations and ensuring that information agrees to the financial statements.

Sheriff's Response:

Sheriff performing procedures to strengthen internal controls.

